

# Public Testimony in Support of FY 2008-2009 DPHHS Budget Requests

January 31, 2007

EXHIBIT 5

DATE 1-31-07

-Linda Tracy, Executive Director

Montana Child Care Resource and Referral Network

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I urge you to support four parts of the DPHHS budget:

1. **Maintain eligibility for child care scholarships at 150% of the federal poverty rate and annually update to the federal poverty rate** to allow low-income working families access to licensed or regulated child care. For example, consider the household budgets of single parent families making minimum wage who pay an average fair market rent for a 2-bedroom apartment in Montana, and have an infant or toddler receiving care in a child care center. The cost of housing and child care alone exceed their gross annual incomes by \$522. These two essential expenses leave no income for food, utilities, telephone, transportation, medical, clothing, or other living expenses. However, with Best Beginnings scholarships for child care and early education, these parents make co-payments of \$528 a year thus allowing them to possibly make ends meet.
2. **Provide child care assistance to working caretaker relatives caring for children eligible for child-only TANF.** We support this additional category of eligibility to stabilize families who have weathered challenges that prevent some parents from caring for their children and require relatives' care.
3. **Increase the child care assistance budget to allow for modest growth in the number of families served.** Currently DPHHS estimates only 14 to 18% of working families eligible for child care scholarships are receiving them. Prior to the budget cuts that created the child care waiting list in 2002, Montana provided scholarships to 7,603 families. Since then, we have worked to rebuild the case load. Last year, Montana provided scholarships to 6,113 families.
4. **Conduct Annual Market Rate Surveys to Maintain Child Care Reimbursement Rates at the 75th percentile**
  - o To assure that low-income working families have access to 75% of the licensed or registered child care facilities in their area. High quality care and early education are critical for young children's development, working families' ability to work as well as peace of mind and productivity on the job.
  - o The child care industry survives on very slim margins and thus increases in the cost of doing business can mean the difference between staying in business or not. Child care workers are underpaid and losing ground compared to others who work with young children. According to the U.S. Department of Labor, Montana child care worker wages declined 8% between 2003 and 2005, dropping from an average \$17,630 a year down to \$16,240--At this wage, a child care worker with one child is at 125% of the federal poverty rate. Annual market surveys assess area child care rates and help these small businesses stay in business.

I urge you to support these four provisions to maintain and strengthen the child care and education system necessary to support young children's growth and development, families' ability to work, employers' ability to find and retain workers, and quality small business child care providers. Thank you for your consideration.

Montana Child Care Resource & Referral Network,

a nonprofit organization working with regional child care resource and referral agencies and other partners to build a diverse, high quality care and education system accessible to all Montana families with children from birth through school age.

# Income Required to Pay Housing and Child Care Costs

## How child care costs fit into Montana family budgets:

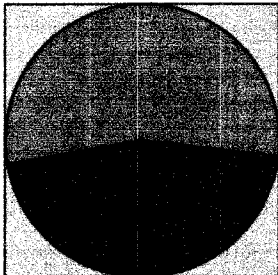
Child Care for an infant in a licensed center = \$7,278/year<sup>1</sup>; Housing = \$6,036/year<sup>2</sup>

**Families with One  
Minimum Wage Earner**

■ Child Care 57%

■ Housing 47%

□ Other Living  
Expenses 0%



**Annual Income: \$12,792**  
(before taxes, based on \$6.15/hr.)

- Care for 1 infant in a Licensed Center + Housing in a 2 bedroom apartment = 104%, exceeds Annual Income.

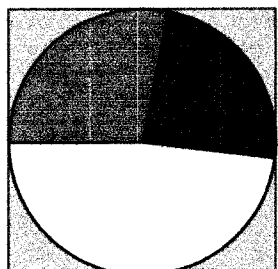
- No income available for food, utilities, telephone, transportation, medical, clothing and other living expenses.

**Families with Two  
Minimum Wage Earners**

■ Child Care 28%

■ Housing 24%

□ Other Living  
Expenses 48%



**Annual Income: \$25,584**  
(Low income<sup>3</sup> = \$29,282)

- Care for 1 infant in a Licensed Center + Housing in a 2 bedroom apartment = 52% of Annual Income.

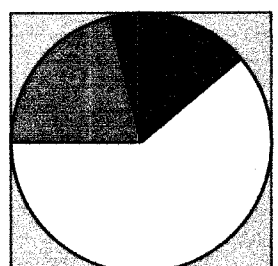
- 48% of Annual Income available for food, utilities, telephone, transportation, medical, clothing and other living expenses.

**Families at State  
Median Income**

■ Child Care 21%

■ Housing 18%

□ Other Living  
Expenses 61%



**State Median Income: \$34,449**

- Care for 1 infant in a Licensed Center + Housing in a 2 bedroom apartment = 39% of Annual Income.

- 61% of Annual Income available for food, utilities, telephone, transportation, medical, clothing and other living expenses.

<sup>1</sup> Montana Department of Public Health and Human Services, Child Care Rates, FY 06

<sup>2</sup> U.S. Department of Housing and Urban Development, Montana Survey Market Rent, FY 04

<sup>3</sup> Low income defined as 85% of State Median Income